

Bay County Unfunded Accrued Liability Plan 2014

As of the most recent BCERS actuarial report, dated December 31, 2012, both Bay County General and Sheriff Department pension plans continue to be fully funded. The General group is 104.7% funded and the Sheriff Group is 112.3% funded. This has been achieved and maintained by consistently contributing at or above the actuarial requirements. Over the last decade, Bay County has made the necessary staffing and benefits modification to achieve this level of funding.

As of the most recent BCERS Retiree Health Care Plan actuarial report, dated December 31, 2011, Bay County has unfunded accrued liabilities (UAL) in the OPEB category. The General group is 14.7% funded and the Sheriff Group is 15.4% funded. Bay County has taken the following actions to reduce the UAL in previous years:

- 1) As of January 1, 2007, Bay County made adjustments to the retiree health benefit coverage by adjusting the employer paid contribution from a flat percentage to a sliding scale based on years of service. For example, prior to that date, Bay County paid 85% of the retiree premium and 50% of the spousal coverage after ten years of service. This was adjusted to Bay County paying 55% of the retiree premium and 0% of the spousal coverage however at 30 years of service Bay County would pay 85% retiree premium and 50% spousal coverage.
- 2) Employees hired after January 1, 2012 are not eligible for health care in retirement.
- 3) Bay County made adjustments to the prescription coverage on January 1, 2012 which included higher copayments for prescriptions and a more cost effective PBM.
- 4) Effective January 1, 2014, Bay County changed copayment structures for health benefits to include higher office and emergency room copayments and deductibles in addition to implementing a two tiered participation based Wellness Plan.
- 5) Effective January 1, 2014, Bay County opened an employer sponsored Wellness Center to provide services to active employees and non-Medicare eligible retirees. Based on statistics, the Wellness Center is anticipated to save costs by providing early detection of long term illnesses and providing cost effective services.

In an effort to reduce the UAL of the Bay County Retiree Health Care Plan, Bay County will request an amendment to Board Resolution NO. 2001-242 which currently states that once the group reaches 125% funded level, the employee contributions will be diverted to the VEBA. The requested amendment will be to lower the 125% funding level requirement to 115%. Once the BCERS funded ratio for said groups reaches 115%, employee contributions will be diverted to the VEBA.